



2015 Texas Capital Fund Infrastructure/Real Estate Workshop

Presented January 21, 2015

Webinar Housekeeping

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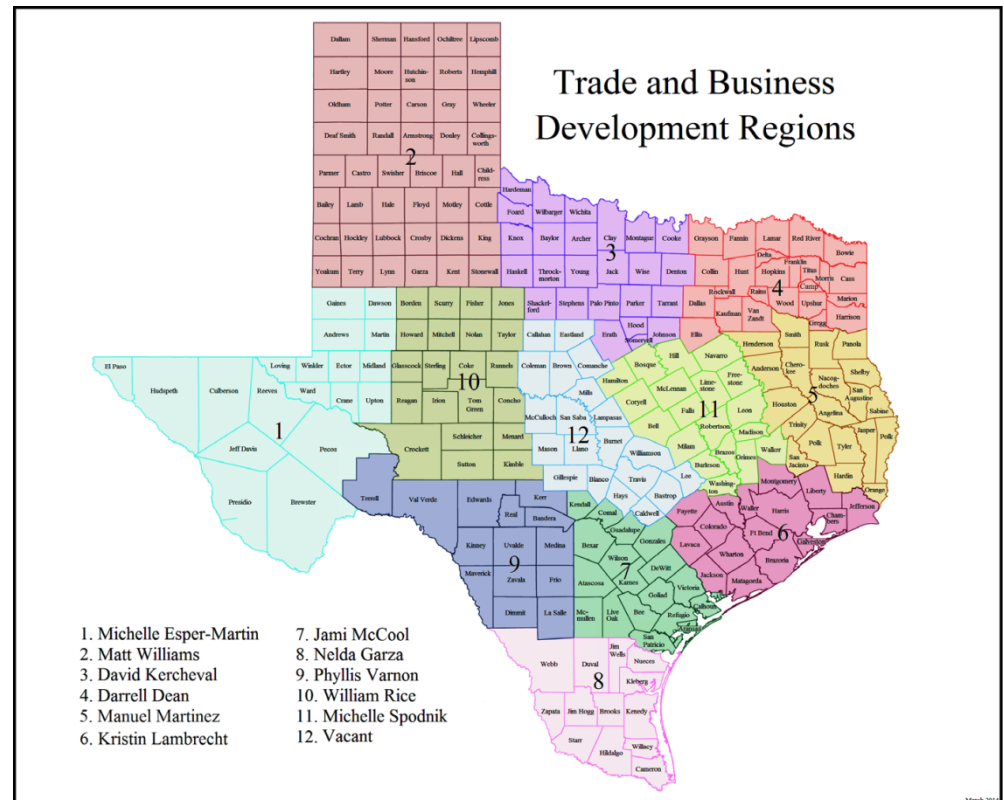
- Typed questions will be answered at the end of the presentation
- The conference call line will open to questions at the end of the webinar

Presentation Agenda

- CDBG Overview
- Eligible Applicants
- Eligible Activities
- Program Requirements
- Awards
- Job activity
- Updates for PY 2015
- Q&A

Trade and Business Development Field Representatives

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2015 Texas CDBG Allocation

Fund	Allocation (%)*
Community Development	61.71%
Texas Capital Fund	14.51%
Colonia Fund	12.5%
Disaster / Urgent Need	4.1%
STEP Fund	3.01%
Planning Fund	1.00%

- Downtown Revitalization Program (DRP) and Main Street Program (MS) receive 18% of TCF funds

*Totals do not equal 100%

Eligible Applicants

- Non-entitlement cities - populations less than 50,000 thousand persons;
 - Cities that are not designated as a central city of a metropolitan statistical area; or
 - Cities that are not participating in urban county programs.
- Non-entitlement counties generally have fewer than 200,000 persons in the non-entitlement cities and unincorporated areas located in the county.

Eligible Activities

TCF funds are available for infrastructure and real estate improvements.

- Requested funds may not exceed the minimum necessary to meet the needs of the business(es).
- Excess/speculative improvements, extra connections or excessive looping will not be funded.

Infrastructure (INFRA) Program

Eligible Activities for Public/Private Infrastructure

- Water & sewer lines and treatment plants
- Streets, curb & gutter, and sidewalks
- Harbor and channel dredging
- Rail Improvements
- Drainage
- Utilities



Real Estate (RE) Program

Use of Funds: Improvements Owned by Applicant & Leased to Business

- Projects include:
 - Building improvements/renovation
 - Building construction (w/ walls & roof)
 - Site Improvements
 - Land acquisition

Ineligible Activities

In general, any type of activity not described or referred to in Section 105(a) of the Housing and Community Development Act of 1974, as amended, is ineligible for TxCDBG funding. Specific ineligible activities under the TxCDBG Program include:

- The applicant may not transfer TCF monies to a business.
- TCF monies may not be used for speculation, investment or excess improvements
- Ineligible infrastructure activities/improvements include, but are not limited to: landfills, incinerators, recycling facilities, machinery and equipment.
- Ineligible real estate improvements include, but are not limited to:
 - When the benefiting business(es) is a private non-profit.
 - machinery and equipment used in the production and/or services marketed by the business(es).
- Government entities may not be the business creating/retaining the jobs.

National Objective

Low-and-Moderate Income Job Creation and Retention

- In order to meet this criteria, activities must *create or retain* permanent jobs; AND
- 51% of the jobs created/retained must be *available to or held by* LMI persons
- Jobs counted on full time equivalent (FTE) basis
- Typical activities: Infrastructure in support of a business and commercial rehab

Citizen Participation

- Published 72 hours prior to hearing
 - Weekdays – after 5:00 pm
 - Weekend – convenient time
 - Interpreter if needed
- Publish 5 days prior to submitting application
 - Identify TxCDBG fund category
 - Amount of TxCDBG funds requested
 - Short description of proposed project
 - Location(s) of the project activities
 - Location and hours when the application will be available for public review

Other Applicant Requirements

- Demonstrate satisfactory performance on previous awards, including 48 month requirement
- Levy property/sales tax
- Resolved outstanding compliance and audit findings
- Active registration on SAM.gov
- Annual audit

Conflict of Interest

- Under the conflict of interest provisions at 24 CFR 570.489(h) included in the regulations governing state administration of CDBG non-entitlement funds (24 CFR 570, Subpart I), no persons who exercise or have exercised any function or responsibilities with respect to TxCDBG activities, or who are in a position to participate in a decision-making process, or gain inside information regarding TxCDBG activities, may obtain a financial interest or benefit from the activity, or have interest in any contract, subcontract, or agreement, or the proceeds thereof, either for themselves or those with whom they have family or business ties, during their tenure, or for one year thereafter.

INFRA / RE Award Amounts

Award Type	Award Range	Match requirement	Maximum Cost-per-Job Created*	Maximum Cost-per-Job Retained*
Regular	\$100K*-\$750K	100%	\$25,000	\$10,000
Jumbo	\$750,100-\$1M	400%	\$10,000	\$7,500
Super Jumbo	\$1,000,100-\$1.5M	500%	\$5,000	\$5,000

*New for 2015 PY

Job Activity

- FTE job is 35 hours per week
- Part-time job is at least 20 hours or more per week.
Two part-time employees equal one FTE
- LMI status is established prior to hiring
- Any request to train new employees at an alternate location must have prior written approval from TDA.
- Jobs created prior to the date of occupancy for the project will not be counted toward job creation requirements.
- No credit will be given for jobs transferred from other locations of the same business.

Project Completion

- Construction of the infrastructure and/or facility must be “in use” and job creation completed during the 3-year contract period
- Failure to satisfy job creation/retention requires repayment of TCF funds

Updates for Program Year 2015

Application Cycle

- Single application due on the 20th of each month
- February 2015 round \$1.5M
- Texas 2015 allocation anticipated by March
- Allocation distributed throughout program year
 - 50% available Feb.-July rounds
 - 50% available Aug.-Jan. rounds
- Highest scoring applicants considered for funding based on available funds
- Unencumbered funds roll to next month
- No partial funding

Funding example

- February 2015 Allocation \$1.5M
- City A has highest scoring project for \$1M
- County B has second highest scoring project for \$750K
- City A is awarded and the unencumbered \$500K is rolled over to March round
- County B may resubmit application

Application Resubmission

- Minimum resubmission requirements
 - Revised coversheet indicating resubmission round
 - 424 with original signature and date
 - Most recent payroll for jobs retained
 - Updated score sheet

Updated “Look and Feel”

- Single application format
- TCF application and application guide formats updated
- Application guide now contains the information formerly located in the program guide



Texas Community Development Block Grant Program

Texas Capital Fund
Infrastructure / Real Estate Application

<hr/>		<div></div>
APPLICANT NAME	MONTHLY ROUND	
 <input type="checkbox"/> Original Submission <input type="checkbox"/> Re-Submission		
<hr/>		<div></div>
COUNTY	REGION	

Scoring Methodology

- No sliding min/max scoring range
- Minimum score eligible for funding, 45 points
- Revised scoring elements
- No guaranteed funding (no maximum scoring)

Revised Scoring Element	Maximum Value
Unemployment	15 points
Job Impact	15 points
Cost-per-Job	10 points
Wage Impact	15 points
Primary Jobs	10 points
Job Creation	15 points
Return on Investment	15 points

Scoring Methodology

Unemployment Rate (Maximum 15 points) Awarded by comparing applicant's quarterly county unemployment rate (the most recently available 3 months, as of the 1st of the month in which the application is submitted) to the state unemployment rate for the same period.

- Score 5 points if the applicant's county rate meets or exceeds 85% of the state unemployment rate
- Score 10 points if the applicant's county rate meets or exceeds 100% of the state unemployment rate; or
- Score 15 points if the applicant's county rate meets or exceeds 115% of the state unemployment rate.

Scoring Methodology

Job Impact (Maximum 15 points) Awarded by taking the business's total job commitment, created and retained, and dividing by applicant's most recent decennial census population. This equals the job impact ratio.

- Score 5 points if this figure exceeds 0.00485;
- Score 10 points if this figure exceeds 0.00969; or
- Score 15 points if this figure exceeds 0.01455.

Scoring Methodology

Jobs Created/Total Job Activity (Maximum 15 points) Awarded by dividing the proposed number of Jobs Created by the sum of all proposed Job Activity (Jobs Created + Jobs Retained).

- Score 5 points if 50% of job activity is Job Creation;
- Score 10 points if 75% of job activity is Job Creation;
or
- Score 15 points if 100% of job activity is Job Creation

Scoring Methodology

- **Wage Impact** (Maximum 15 points) Awarded by taking the business's median weekly wage commitment, for all jobs proposed to be created and retained, and dividing by applicant's most recent county, quarterly, private sector average weekly wage.
 - Score 5 points if the median wage meets or exceeds 50% of the county average;
 - Score 10 points if the median wage meets or exceeds 75% of the county average; or
 - Score 15 points if the median wage meets or exceeds 100% of the county average.

Scoring Methodology

Primary Jobs (Maximum 10 points) Awarded if the jobs to be created and/or retained are or will be employed by a benefiting business whose primary North American Industrial Classification System (NAICS) code number falls into the following categories.

- Score 10 points for the following NAICS category: 31-33 Manufacturing
- Score 5 points for the following NAICS categories: 42, 48-49, 51, 5182, 62, 111-115, 211-213
- Score 5 points for projects involving non-primary jobs (i.e., retail), when the business offers a choice of medical and prescription drug benefits to 51% or more of the employees, including coverage for the family. Applicants may **not** receive points for both the NAICS code and health coverage.

Scoring Methodology

Cost-per-Job (Maximum 10 points) Awarded by calculating the maximum allowable cost-per-job for job creation and retention activity (\$25,000 for created jobs and \$10,000 for retained jobs) compared to the actual amount of TCF funds requested.

- Score 5 points if the request for TCF funds is equal to or less than 85% of the maximum allowable funding; or
- Score 10 points if the request for TCF funds is equal to or less than 75% of the maximum allowable funding.

Scoring Methodology

Return on Investment (Maximum 15 points)

Awarded by dividing the total amount of non-TxCDBG funds identified on the Table 1 by the amount of TCF funds requested.

- Score 5 points for ratios greater than or equal to 1 but less than or equal to 5;
- Score 10 points for a ratio greater than 5 but less than or equal to 10; or
- Score 15 points for ratios greater than 10.

Underwriting Review

- Applicant is responsible for reviewing project's financial underwriting
 - Not the application preparer
- Underwriting guidance from HUD is found in Appendix A to 24 CFR Part 570
 1. Determination of reasonable costs
 2. Commitment of all project sources of financing
 3. Determination that, to the extent practicable, CDBG funds are not substituting for non-Federal funds
 4. Determination of the project's financial feasibility
 5. Determination of return on equity investment

Additional Changes

Jobs Retained Requirement

For these purposes, clear and objective evidence that jobs will be lost must include all of the following:

- Evidence that the business has issued a notice to affected employees or made a public announcement to that effect;
- Analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention;
- Documentation verifying that they will meet at least one of the following requirements:
 - That some or all of the employees will be permanently laid off,
 - That the business will close down its existing operation/facility, or
 - That the business will relocate out of state. Requires 3rd party documentation from out of state locations; and
- Income certifications for all affected employees showing that a minimum of 51% of the retained jobs are held by LMI individuals.

Leveraged Funds

Leveraged Funds include:

1. Matching funds (All federal requirements apply)
 - Cash contribution
 - In-kind services/equipment use
2. Fixed Assets
 - Land
 - Buildings
 - Fixtures, machinery and equipment (Does NOT include inventory or raw materials)
3. Any combination of the above

Leveraged Funds

Ineligible Leveraged Funds Include:

- Future payment streams from any source
- Refinancing of existing funding
- Working capital

Other Notable Changes

- Pre-agreement option for ADMIN and ENG costs
- Limit 2 infrastructure awards per applicant per program year (No limit on Real Estate awards)
- \$100K minimum award
- [New Family Income /Size Certification form](#)
- Clarification: Principals and their dependents do not count towards job creation/retention activity
- No more security document!

2014 TxCDBG Survey Questionnaire												Applicant:	
												Business Name:	
												County Name:	
												Region:	
Calhoun												GCRPC 17	
1. Employee Name:													
2. Employee ID #:													
3. Current Job Title:													
4. Date Hired:													
5. Including yourself, spouse and dependents living with you, how many people are in your family?													
6. Were you unemployed prior to applying for work with this company (Circle one)? Yes No													
7. Combined total family income for the most recent twelve (12) months, starting this month, was (Circle below):													
<i>Very Low: at or below 30% AMFI</i>													
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>		
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
to	to	to	to	to	to	to	to	to	to	to	to		
\$11,670	\$15,730	\$19,790	\$23,850	\$27,910	\$31,970	\$0	\$0	\$0	\$0	\$0	\$0		
<i>Low Income: 31% - 50% AMFI</i>													
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>		
\$11,671	\$15,731	\$19,791	\$23,851	\$27,911	\$31,971	\$0	\$0	\$0	\$0	\$0	\$0		
to	to	to	to	to	to	to	to	to	to	to	to		
\$19,450	\$22,200	\$25,000	\$27,750	\$30,000	\$32,200	\$34,450	\$36,650	\$38,850	\$41,050	\$43,300	\$45,500		
<i>Moderate Income: 51% - 80% AMFI</i>													
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>		
\$19,451	\$22,201	\$25,001	\$27,751	\$30,001	\$32,201	\$34,451	\$36,651	\$38,851	\$41,051	\$43,301	\$45,501		
to	to	to	to	to	to	to	to	to	to	to	to		
\$31,100	\$35,550	\$40,000	\$44,400	\$48,000	\$51,550	\$55,100	\$58,650	\$62,150	\$65,700	\$69,250	\$72,800		
<i>Non-Low-and-Moderate Income: Greater than 80% AMFI</i>													
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>		
>	>	>	>	>	>	>	>	>	>	>	>		
\$31,100	\$35,550	\$40,000	\$44,400	\$48,000	\$51,550	\$55,100	\$58,650	\$62,150	\$65,700	\$69,250	\$72,800		
Race													
White													
Black African American													
Black African American and White													
Asian													
Asian and White													
Native Hawaiian/Other Pacific Islander													
American Indian/Alaskan Native													
American Indian/Alaskan Native and Black African American													
American Indian/Alaskan Native and White													
Other Multi-Racial													
Male: Female:													

Use the drop-down list to choose the "County Name:". The "Region:", "Median Income:", and "Income Limits" will automatically populate. This is not a protected form, therefore it is recommended that you verify the accuracy of the income limits prior to using or distributing this form.

NOTE:

Due to a change in the definition of what constitutes "very low-income," you may see income ranges from "\$0 to \$0" in the "Very Low: at or below 30% AMFI" section. If so, please select the box under the corresponding number of person in a household in the next section "Low Income: 31% - 50% AMFI" as appropriate.